



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

July 21, 2004

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To: Supervisor Don Knabe, Chairman
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From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

The State Senate met today and took up AB 1749, the Budget Bill, which was reported out by the Conference Committee on a party line vote last Friday. The bill, which requires a two-thirds vote to be approved, failed on a basically party line vote of 24 to 11 (one Democrat – Senator Bowen - voted “no” and five Republicans abstained). The vote followed about an hour of debate in which the Democrats claimed the bill reflected the compromises agreed to by the Big Five, except for some fee increases they were reinstating because Republicans were not voting for the bill. The Republicans insisted that the vote was a useless political drill and that they would not vote for the bill because while many issues had been discussed by the Big Five, a complete agreement has not yet been reached. Meanwhile, the Governor was in San Diego making another public appearance to criticize Democratic Legislators for not passing the budget, which is the major reason that Senate Democrats scheduled the vote today, to demonstrate that Republican Legislators were preventing the State from having a budget.

Despite the theatrics, there are reports of progress on resolving the three issues that have held up the budget for over a week. While not all parties are 100 percent satisfied, there seems to be a possible compromise on the major sticking point in the local government agreement, namely the Legislature’s ability to allocate property taxes among local agencies within a county. While the proposed constitutional amendment would require a declaration of a “state fiscal hardship” for the Legislature to shift local property taxes to schools, and require repayment to local governments within three years, legislative leaders had sought to retain the ability to allocate local property taxes

among non-school agencies within a county. The proposed compromise would limit their ability to the annual growth in property taxes, but not the base level.

On the two other non-budget issues – the repeal of laws prohibiting the contracting-out of non-instructional services by school districts and allowing workers to initiate lawsuits to enforce workplace safety laws and share in any resulting penalties – negotiations are ongoing to forge a compromise rather than outright repeal. Speaker Nuñez and Minority Leader McCarthy in the Assembly have apparently reached an agreement that would allow school districts to contract out for school transportation services, but only to private companies that pay the prevailing wage received by school bus drivers in the area. Senators Burton and Ackerman are meeting again this afternoon to seek a compromise on the workplace lawsuits issue. Once these issues are resolved to the satisfaction of a substantial number of Republicans, the budget bill will be reconsidered, some amendments made, such as the removal of the above mentioned fees, and the budget and related trailer bills, will be voted on and almost certainly passed in time for the Democratic lawmakers to attend their party convention in Boston next week.

We will continue to keep you advised.

DEJ:GK
MAL:JR:lm

c: Executive Officer, Board of Supervisors
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